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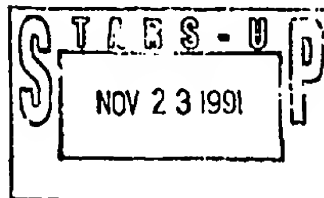
United States Department of State

Washington, D. C. 20520 *new 11/21*

INFORMATION MEMORANDUM *11/21*
S/S

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TO: The Secretary

THRU: P - Mr. Kanter *for*
H - Ms. Mullins *Mullins*

FROM: EAP - Ken Quinn, Acting

SUBJECT: Supplementary Q's and A's for your Thursday, November
21 Briefing on your China Trip with House Democrats

As requested, attached are supplementary Q's and A's for
your use in briefing House Democrats on your recent trip to
Beijing. *Republicans*

*We are also putting these answers in letter form
for you to sign & send to Mitchell in response
to specific questions from yesterday's Senate briefing.*

Drafted by: EAP/CM:MMohr
SECMPOL 4307

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4a

STATUS OF NEGOTIATIONS ON PRISON LABOR

Q. What is the latest status of our negotiations with the Chinese government on the prison labor MOU?

A.

-- DURING MY MEETINGS IN BEIJING, THE CHINESE GOVERNMENT AGREED IN PRINCIPLE TO SIGN A PRISON LABOR MOU PROVIDING FOR COOPERATIVE EFFORTS TO PREVENT THE IMPORT OF CHINESE PRISON LABOR PRODUCTS INTO THE UNITED STATES. THIS MOU WILL COMMIT CHINA TO INVESTIGATE INFORMATION WE PROVIDE OF EXPORTS TO THE UNITED STATES OF GOODS PRODUCED BY PRISON LABOR IN CHINA.

-- OUR EMBASSY WILL BE ACTIVE IN FOLLOWING UP ON SPECIFIC CASES, AND THE CHINESE UNDERSTAND THAT.

-- OUR EMBASSY IN CHINA ALSO IS CONTINUING TO NEGOTIATE THE SPECIFIC LANGUAGE OF THE MOU WITH THE CHINESE GOVERNMENT.

-- IN THE COURSE OF THESE NEGOTIATIONS THE CHINESE SAY THEY WILL MEET SOME OF OUR CONCERNS, AGREEING TO:

- o PROMPTLY INVESTIGATE SPECIFIC ALLEGATIONS;
- o DESIGNATE AN IMPLEMENTING GOVERNMENT AGENCY;
- o PROVIDE REPORTS TO US OF THEIR INVESTIGATIONS OF CHINESE VIOLATIONS.

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U.S. PARTICIPATION IN PRISON LABOR INVESTIGATIONS

(IF ASKED)

Q. Have the Chinese agreed to allow U.S. Government agencies to participate in their investigations of prison labor exports?

A.

-- THE CHINESE GOVERNMENT HAS NOT AGREED TO ACCEPT JOINT INVESTIGATIONS OF ALLEGED PRISON LABOR EXPORTS.

-- WE ARE CURRENTLY DISCUSSING A VARIETY OF WAYS TO GAIN ACCESS TO CHINESE PRISON LABOR FACTORIES REPORTEDLY PRODUCING FOR EXPORT TO THE U.S.

-- THE CHINESE HAVE EMPHASIZED THEIR WILLINGNESS TO HELP US OBTAIN THE NECESSARY INFORMATION ON VIOLATIONS.

drafted:EAP/CM:DJKeegan
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4b

PROVIDING A COPY OF THE PRISON LABOR MOU

Q. Can you share a copy of the draft prison labor MOU with the Congress?

A.

-- AS I HAVE JUST DETAILED FOR YOU, WE DO NOT YET HAVE AN AGREED TEXT OF THE MOU.

-- OUR EMBASSY IN BEIJING IS STILL IN THE PROCESS OF NEGOTIATING FINAL LANGUAGE. THE STATE DEPARTMENT IS ALSO REVIEWING THE TEXT WITH THE CUSTOMS SERVICE.

-- AS SOON AS THIS PROCESS IS COMPLETE AND WE HAVE REACHED AN AGREEMENT WITH THE CHINESE, WE WILL WANT TO REPORT TO CONCERNED COMMITTEES AND SHARE THE TEXT WITH YOU.

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4c

CHINESE RESPONSE TO OUR LIST OF 800+ PRISONERS

Q. Will you be providing to the Congress the Chinese response to our list of 800+ prisoners?

A.

-- OUR EMBASSY IN BEIJING IS CURRENTLY CHECKING THE LIST THE CHINESE PROVIDED US WITH THE LIST WHICH WE HAD EARLIER PROVIDED THE CHINESE.

-- AFTER THEY HAVE FINISHED RECONCILING THE LIST WE WILL BE PROVIDING ^{CLASSIFIED} COPIES TO THE LEADERSHIP AND TO THE SENATE FOREIGN RELATIONS COMMITTEE AND THE HOUSE FOREIGN AFFAIRS COMMITTEE.

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AVAILABILITY OF CHINESE LIST TO THE PUBLIC

Q. Will the Chinese response to our list of 800+ prisoners be made available to the general public?

A.

-- OUR ULTIMATE GOAL IS TO MAKE THIS KIND OF INFORMATION MORE WIDELY AVAILABLE, BUT WE WILL WANT TO DO SO IN A WAY WHICH DOES NOT INTERFERE WITH SUBSEQUENT EXCHANGES OF INFORMATION.

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U.S.-PRC TRADE IMBALANCE

4E

Q: Why is the U.S. trade imbalance with China growing?

A:

- THE CHINESE GOVERNMENT HAS CREATED A NUMBER OF BARRIERS THAT ARE SHUTTING OUR FIRMS OUT OF THE CHINESE MARKET.
- I TOLD THE CHINESE OUR RELATIONSHIP COULD NOT TOLERATE A \$12 BILLION DEFICIT. WE HAVE TWO SECTION 301 INVESTIGATIONS UNDERWAY - ON MARKET ACCESS AND IPR.
- THE CHINESE ARE SENDING A TEAM TO THE U.S. THIS WEEK TO TALK ABOUT IPR. THEY MADE SOME POSITIVE SUGGESTIONS IN BEIJING.
- ON MARKET ACCESS, WE WILL KEEP PRESSING.
- AT THE SAME TIME, A HEALTHY TRADE RELATIONSHIP DRAWS THE MOST PROGRESSIVE PART OF CHINA'S ECONOMY FURTHER INTO THE INTERNATIONAL ECONOMIC SYSTEM, WHICH IS GOOD FOR US, GOOD FOR THE CHINESE PEOPLE AND GOOD FOR THE PROSPECTS OF EVENTUAL POLITICAL REFORM.

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~~EUROPEANS TOUGHER ON TRADE~~

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Q: Isn't it true that the Europeans have been tougher with the Chinese on trade issues and therefore have a lower trade imbalance?

A:

- WHILE THE EUROPEANS' TRADE IMBALANCE WITH CHINA HAS BEEN SOMEWHAT LESS THAN OURS, I WOULD NOT SAY THIS IS BECAUSE THEY HAVE BEEN TOUGHER THAN THE U.S.
- THE EC'S TRADE DEFICIT WITH CHINA WAS \$6.8 BILLION IN 1990, COMPARED TO OUR OWN \$10.4 BILLION DEFICIT. IF THE TREND OF THE FIRST SIX MONTHS OF THIS YEAR CONTINUES, THE EC'S IMBALANCE WILL DOUBLE TO MORE THAN \$12 BILLION, WHICH IS ABOUT WHAT WE PREDICT FOR OUR DEFICIT THIS YEAR.
- CLEARLY, THE EUROPEANS ARE FACING THE SAME PROBLEM WE FACE -- CHINESE POLICIES THAT PROTECT CHINA'S DOMESTIC MARKET WHILE PROMOTING EXPORTS.
- THE EUROPEANS HAVE NOT BEEN TOUGHER THAN THE U.S. IN TRYING TO REDRESS THESE TRADE PROBLEMS. IT IS THE U.S. AND NOT THE EUROPEANS THAT FIRST WENT AFTER CHINA ON MARKET ACCESS, INTELLECTUAL PROPERTY PROTECTION, TEXTILE TRANSSHIPMENTS, DISCRIMINATION AGAINST MARITIME SHIPPING COMPANIES AND OTHER TRADE ISSUES.
- WE HAVE ALSO CONTINUED, IN THE CONTEXT OF CHINA'S APPLICATION FOR GATT MEMBERSHIP, TO PRESS FOR ECONOMIC REFORMS THAT WILL MAKE CHINA'S ECONOMY MORE OPEN AND RESPONSIVE TO MARKET FORCES.

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